

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 SP-02 STR-04 TRSE-00 LAB-04

SIL-01 OMB-01 L-03 INT-05 JUSE-00 /055 W

-----030823 114418 /13

R 021612Z MAR 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 0172

INFO USMISSION EC BRUSSELS

AMCONSUL MARSEILLE

UNCLAS PARIS 06116

E.O. 11652: N/A

TAGS: ETRD EC FR

SUBJECT: US STEEL COUNTERVAILING DUTY CASE

REFS: (A) STATE 311342 (1976); (B) EC BRUSSELS 0088;

(C) STATE 002473

1. DURING PAST MONTH, WE HAVE ON TWO OCCASIONS DISCUSSED WITH GOF OFFICIALS U.S. STEEL ALLEGATION (PARA 6, REF A) REGARDING VAT EXONERATION ON FIXED ASSETS AT SOLMER FOS STEEL PLANT. BOTH PIERRE ACHARD, CABINET DIRECTOR FOR FOREIGN TRADE MINISTER ROSSI AND MICHEL PERRICAUDET, DEPUTY DIRECTOR AT MINISTRY OF INDUSTRY GAVE US IDENTICAL RESPONSES.

2. WHILE STRESSING THAT THEY HAD NO PRIOR KNOWLEDGE OF DETAILS OF U. S. STEEL COMPLAINT, BOTH MEN QUICKLY REACTED TO ALLEGATION OF VAT EXONERATION ON FOS FIXED ASSETS. THEY DESCRIBED CHARGE AS ERRONEOUS AND SAID ONLY FOS EXPORT PRODUCTION ITSELF IS RELIEVED OF VAT ON BASIS OF TRADITIONAL EUROPEAN ARGUMENT VIEWING THIS AS TYPE OF INDIRECT BUT "NATIONAL" TAX WHICH HAS BEHIND IT ACCEPTED PRECEDENTS OF EXPORT REBATE. HOWEVER, THEY UNCLASSIFIED

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MAINTAIN, FIXED ASSETS AT FOS WERE FINANCED WITH ASSISTANCE OF INVESTMENTS "DIRECTLY SUBSIDIZED" BY GOF AS PART OF NATIONAL PROGRAM TO STIMULATE SELECTED ECONOMICALLY DEPRESSED REGIONS. THEY SAID VAT RELIEF, AS SUCH, WOULD NOT COME UNDER CONSIDERATION IN PROGRAMMING THESE CAPITAL INVESTMENTS.

RUSH

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DIPLOMATIC DISCUSSIONS, ALLEGATIONS, COUNTERVAILING DUTIES, INVESTIGATIONS, STEELS  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Status:** NATIVE  
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**TAGS:** ETRD, FR, US, EEC  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
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